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### Daily Alerts

#### Company alerts

#### Cummins India: Powergen boost in store

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- ▶ Royalty rate decline seen in FY2021 boosting prospects of margin recovery by 70 bps
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### EQUITY MARKETS

India	Change %			
	29-Jun	1-day	1-mo	3-mo
Sensex	52,550	(0.4)	1.2	6.1
Nifty	15,748	(0.4)	1.1	7.2
Global/Regional indices				
Dow Jones	34,292	0.0	(0.7)	4.0
Nasdaq Composite	14,528	0.2	5.7	11.2
FTSE	7,088	0.2	0.9	5.6
Nikkei	28,940	0.4	0.3	(0.8)
Hang Seng	28,994	(0.9)	(0.5)	2.2
KOSPI	3,300	0.4	3.0	7.8
Value traded – India				
Cash (NSE+BSE)	627		782	763
Derivatives (NSE)	29,563		22,931	21,474
Deri. open interest	6,214		5,384	4,473

#### Forex/money market

	Change, basis points			
	29-Jun	1-day	1-mo	3-mo
Rs/US\$	74.3	6	178	112
10yr govt bond, %	6.0	(2)	3	(9)

#### Net investment (US\$ mn)

	25-Jun	MTD	CYTD
FIs	(24)	2,473	23,258
MFs	(3)	(68)	(7,003)

#### Top movers

Best performers	Change, %			
	29-Jun	1-day	1-mo	3-mo
JSTL in Equity	686	(1.4)	(0.6)	54.1
TATA in Equity	1,173	(1.0)	6.3	52.9
NMDC in Equity	182	(0.3)	1.3	43.2
IPRU in Equity	615	(0.8)	12.4	42.7
UPLL in Equity	805	(0.5)	(0.8)	37.6
Worst performers				
MMFS in Equity	158	(0.6)	(1.3)	(23.8)
HAVL in Equity	979	(1.4)	(3.9)	(6.8)
SHTF in Equity	1,358	(1.1)	(6.7)	(5.0)
KMB in Equity	1,706	(1.6)	(5.3)	(3.7)
ITC in Equity	203	(0.1)	(4.5)	(3.6)

JUNE 29, 2021

UPDATE

Sector view: **Attractive**

CMP (₹): 851

Fair Value (₹): 1,030

BSE-30: 52,550

**Powergen boost in store.** We increase Fair Value by 10% to account for modest business benefits of CPCB-IV norms for domestic and export markets and acceleration envisaged in the data center market. Two key differences in the impending transition in emission norms would boost pricing power of CIL – (1) transition to CPCB-IV is much steeper than the transition to CPCB-II and (2) peers to Cummins do not have margin to cede this time. Roll-forward to September 2023 yields Rs1,030 Fair Value.

Cummins India								
Stock data				Forecasts/valuations		2021	2022E	2023E
CMP(Rs)/FV(Rs)/Rating		851/1,030/BUY		EPS (Rs)		22.9	31.1	40.1
52-week range (Rs) (high-low)		934-373		EPS growth (%)		(10.2)	35.8	28.8
Mcap (bn) (Rs/US\$)		236/3.2		P/E (X)		37.1	27.3	21.2
ADTV-3M (mn) (Rs/US\$)		1,130/15		P/B (X)		5.4	5.0	4.7
Shareholding pattern (%)				EV/EBITDA (X)		38.5	26.5	19.5
Promoters		51.0		RoE (%)		14.8	19.0	22.9
FPIs/MFs/BFIs		10.9/15.8/9.3		Div. yield (%)		1.8	2.0	2.6
Price performance (%)		1M	3M	12M	Sales (Rs bn)	43	58	69
Absolute		7.6	(2.1))	114.0	EBITDA (Rs bn)	6	8	11
Rel. to BSE-30		5.3	(8.7))	42.4	Net profits (Rs bn)	6	9	11

### CPCB-IV: pricing power likely to be with incumbent in Cummins this time

We note prospects of CIL gaining in terms of margin and market share in the domestic market once CPCB-IV norms get implemented. We are relying on the steep reduction in emission limits set this time – (1) NOX+HC limit reduced to one-sixth versus it being halved during CPCB-II transition, and (2) particulate matter limit reduced to one-tenth versus it being retained during CPCB-II transition. To put things in perspective, India is moving ahead of China in terms of the above emission norms. Peers to CIL would thus find it difficult to match CIL's price offering as CIL leverages technology support from the parent and that of related India ecosystem for after treatment. This is in sharp contrast to the CPCB-II transition when peers had the ability to match CIL's offering and had the ability to undercut. Key peers to Cummins have seen margin decline to single-digit levels (KOEL) or operate at negative margin in domestic (Perkins).

### Data center market envisaged to accelerate over CY2021-23

A recent report by JLL suggests a strong 30% growth in the installed base of data centers in CY2020 and capacity additions happening at a much faster pace. JLL expects the installed base to more than double over CY2020-23, suggesting a 35% CAGR in incremental capacity additions. We note that CIL has a dominant market share in the segment both in India and globally. Related growth in the data center market should thus also be margin accretive.

### Royalty rate decline seen in FY2021 boosting prospects of margin recovery by 70 bps

The recent disclosure of related party transactions suggests that royalty has declined by 70 bps of sales in FY2021. Overall benefit on margin was masked in FY2021 due to increase in absolute quantum of support services, which is a fixed cost and not linked to sales. We build in combined payout to parent to FY2019 levels of 2.5% of sales from FY2022 versus 3.3-3.4% seen in FY2020-21.

### We increase FV to Rs1,030 based on higher powergen contribution and roll-forward

We increase FV to Rs1,030 from Rs890 on (1) 5% increase in near-term estimates (initial benefit of CPCB-IV transition for domestic, datacenter sales), (2) higher 24X multiple to factor in benefits of CPCB-IV transition on exports starting FY2024 and (3) roll-forward to Sep 2023E EPS.

Aditya Mongia

Teena Virmani

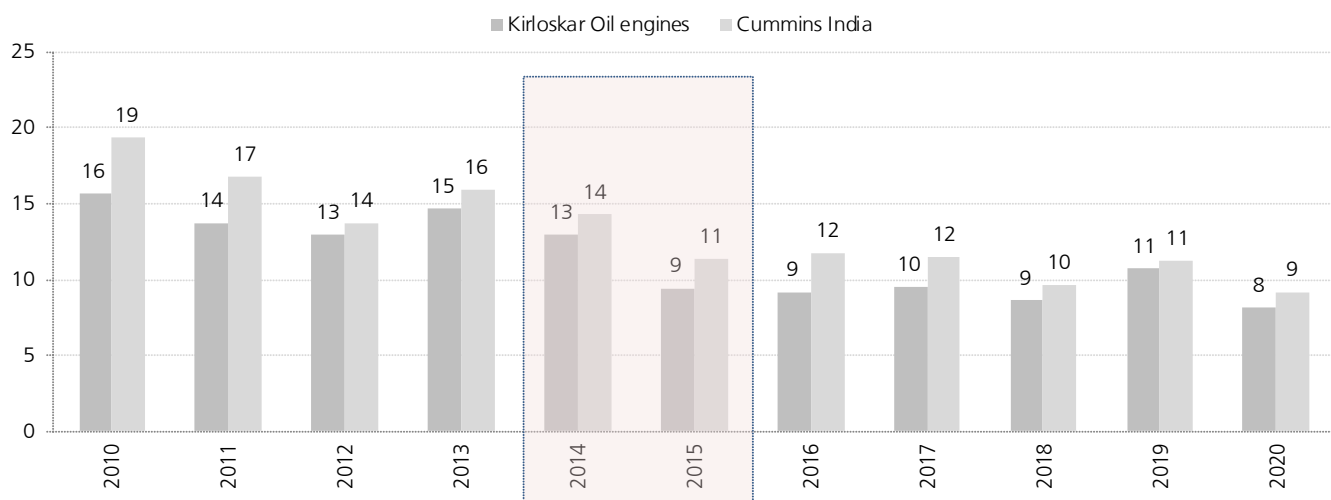
**Exhibit 1: Revised emission limits beyond CO suggest a sharp cut versus the last time**  
Emission limits set for diesel gensets (g/kw-hr)

	CPCB-I	CPCB-II	CPCB-IV+
<b>Nox+HC</b>			
<56 KW	11	5	5
> 56 KW upto 800 KW	11	4	0.6
<b>PM</b>			
<19 KW	0.3	0.3	0.3
> 19 KW upto 56 KW	0.3	0.3	0.03
> 56 KW upto 800 KW	0.3	0.2	0.02

Source: Company, Kotak Institutional Equities estimates

**Exhibit 2: CPCB-II transition in FY2015 led to margin loss for the sector as peers were operating at high margin levels then; KOEL now operates at single-digit margin**

Pro forma analysis of domestic EBITDA margin of KOEL and Cummins India, March fiscal year-ends, 2010-20 (%)



Notes:

(a) We assume 25% EBITDA margin for exports for Cummins and lower 15% EBITDA margin for KOEL  
Unlike Cummins, KOEL does not have a global platform to sell its exports

Source: Companies, Kotak Institutional Equities estimates

**Exhibit 3: Perkins India operates at negative domestic business margin**

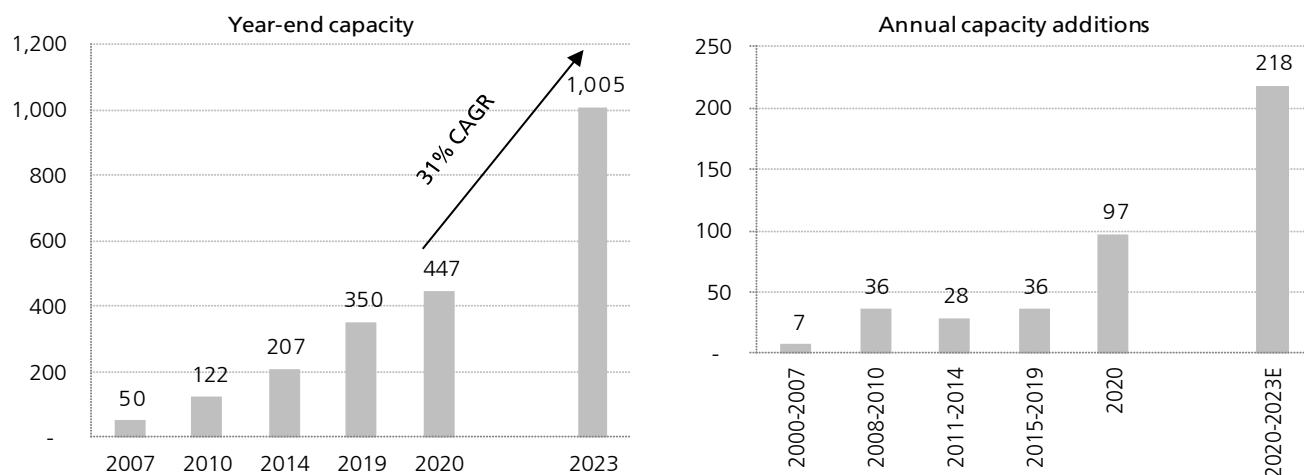
Domestic and export financials of Perkins India, March fiscal year-ends, 2017-20 (Rs mn)

Exports	2017	2018	2019	2020
Revenues	3,523	3,932	2,990	6,729
Segment results	308	326	301	1,667
<b>Segment margin (%)</b>	<b>9</b>	<b>8</b>	<b>10</b>	<b>25</b>
<b>Domestic</b>				
Revenues	1,627	2,258	2,714	2,624
Segment results	(272)	(147)	(361)	(173)
<b>Segment margin (%)</b>	<b>(17)</b>	<b>(7)</b>	<b>(13)</b>	<b>(7)</b>

Source: Company, Kotak Institutional Equities

**Exhibit 4: We note prospects of healthy growth in data centers from strong CY2020 levels**

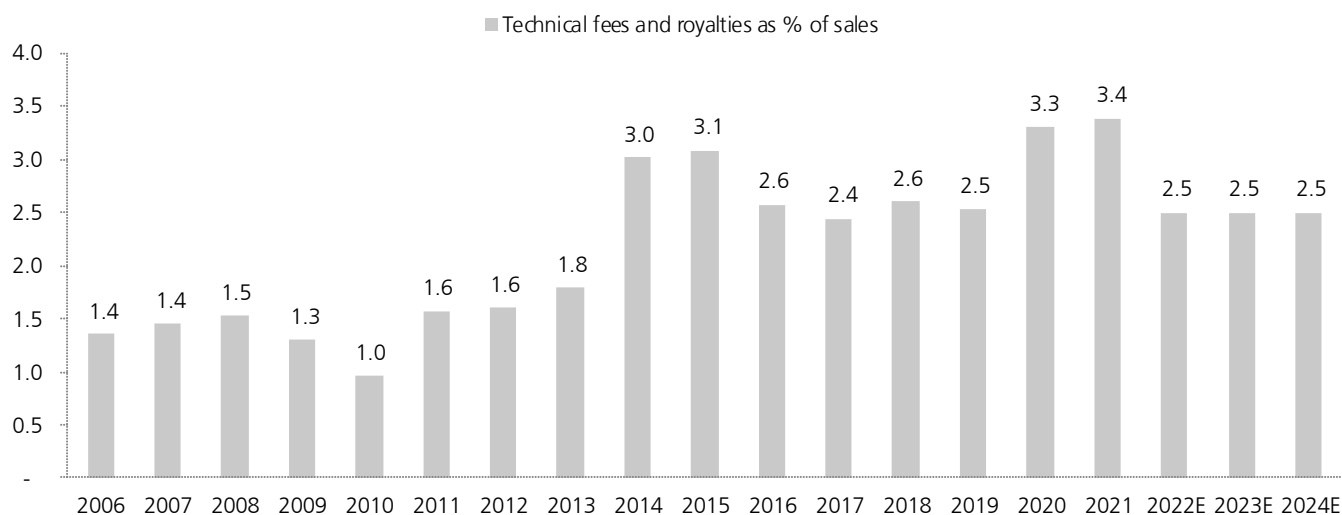
Data center capacities in terms of IT load, calendar year-ends, 2000-23E (MW)



Source: JLL research estimates, Kotak Institutional Equities estimates

**Exhibit 5: Technical fees and royalties paid to parent has come down to 2.5% of sales**

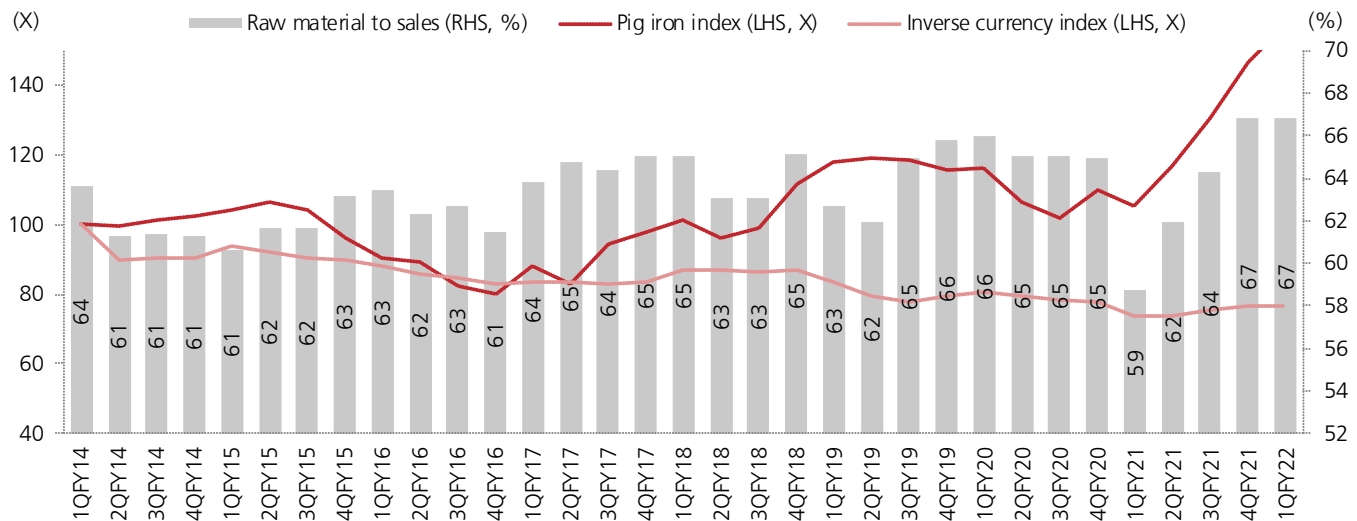
Details of payout to parent, as percentage of sales, March fiscal year-ends, 2006-24E (%)



Source: Company, Kotak Institutional Equities estimates

**Exhibit 6: Higher pig iron prices have resulted in gross margin decline in past few quarters**

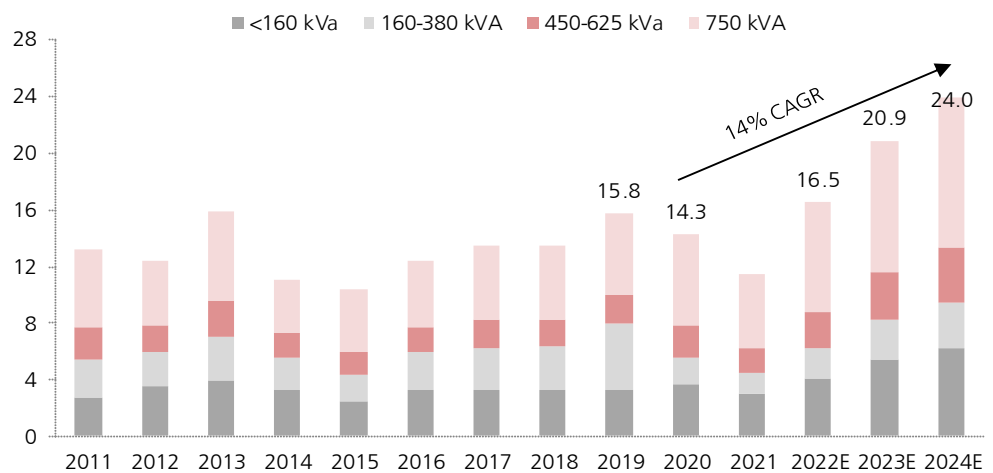
Impact of raw material cost and currency on margin, March fiscal year-ends, 1QFY13-1QFY22 to date



Source: Company, Bloomberg, Kotak Institutional Equities

**Exhibit 7: We expect powergen revenues to grow at ~14% CAGR over FY2020-24**

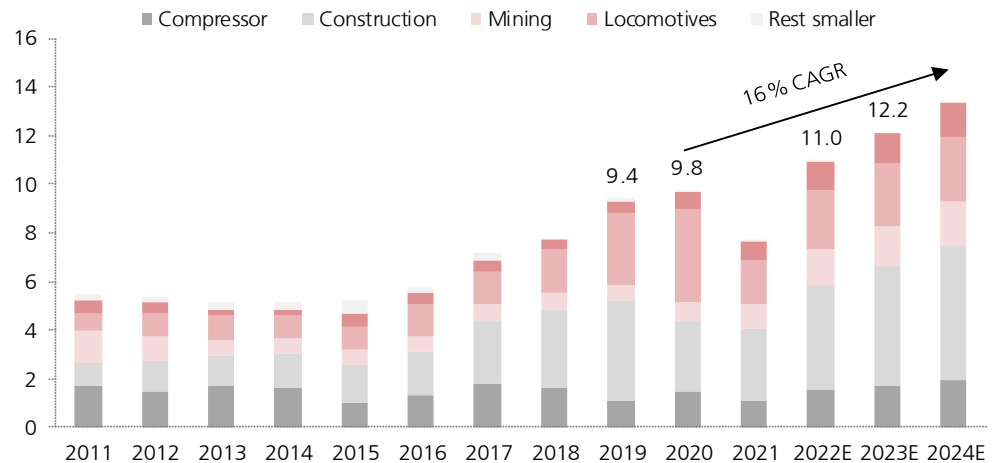
Breakup of powergen revenues of Cummins India, March fiscal year-ends, 2011-24E (Rs bn)



Source: Company, Kotak Institutional Equities estimates

**Exhibit 8: We expect industrial revenues to grow at 8% CAGR over FY2020-24E**

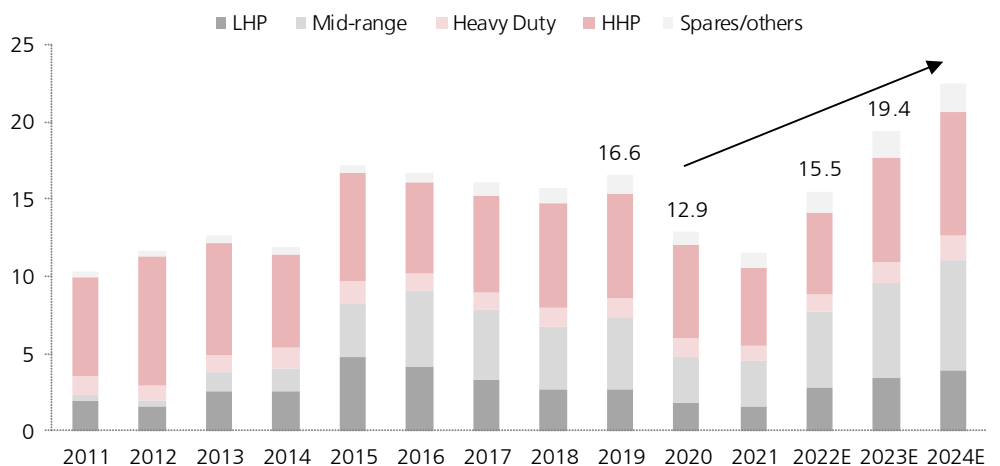
Breakup of industrial revenues of Cummins India, March fiscal year-ends, 2011-24E (Rs bn)



Source: Company, Kotak Institutional Equities estimates

**Exhibit 9: We expect export revenues to cross previous peak from FY2023**

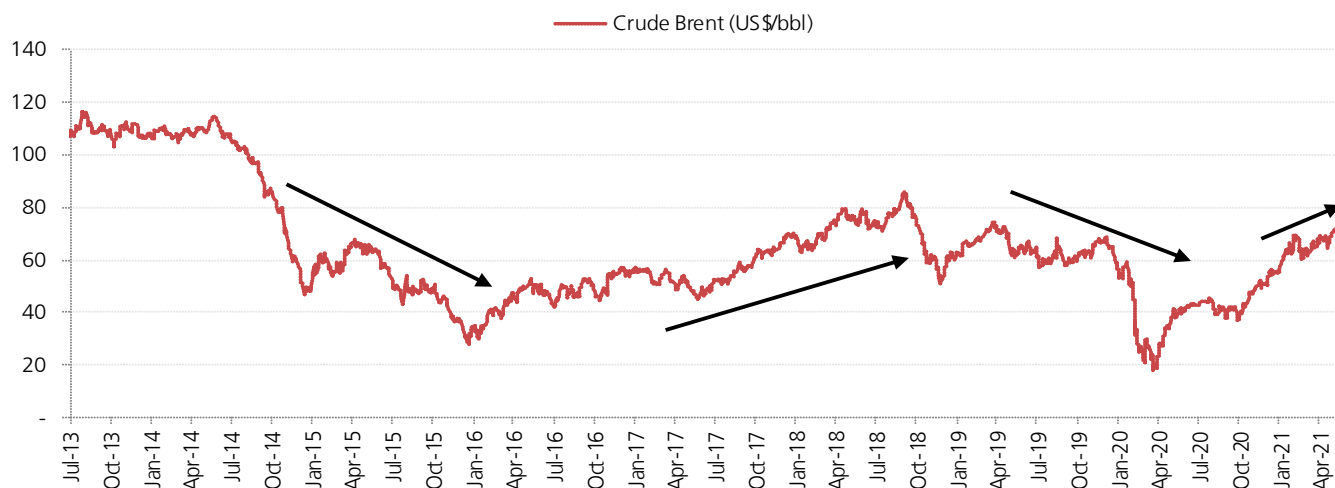
Breakup of export revenues of Cummins India, March fiscal year-ends, 2011-24E (Rs bn)



Source: Company, Kotak Institutional Equities estimates

**Exhibit 10: Cummins India's key export markets of Middle East and Africa are dependent on oil price, which has started moving up in the past few months**

Trend in price of Brent crude, December calendar year-ends, May-2013 – June-2021 (US\$/bbl)



Source: Bloomberg, Kotak Institutional Equities

**Exhibit 11: Change in estimates for Cummins India, March fiscal year-ends, 2019-24E (Rs mn)**

	2019	2020	2021	New estimates			Old estimates			% revision		
				2022E	2023E	2024E	2022E	2023E	2024E	2022E	2023E	2024E
<b>Revenues</b>	<b>56,590</b>	<b>51,577</b>	<b>43,292</b>	<b>57,663</b>	<b>69,262</b>	<b>78,758</b>	<b>57,663</b>	<b>67,113</b>	<b>75,382</b>	—	3	4
Power generation	16,000	14,350	11,320	16,532	20,893	24,027	16,532	19,012	21,293	—	10	13
Industrials	9,500	9,750	7,740	11,004	12,236	13,487	11,004	12,236	13,487	—	—	—
Distribution	13,500	13,400	12,020	13,823	15,896	17,804	13,823	15,896	17,804	—	—	—
Exports	16,500	12,890	11,480	15,501	19,388	22,542	15,501	19,121	21,901	—	1	3
<b>EBITDA</b>	<b>8,641</b>	<b>5,863</b>	<b>5,795</b>	<b>8,359</b>	<b>11,261</b>	<b>12,989</b>	<b>8,382</b>	<b>10,908</b>	<b>12,338</b>	(0)	3	5
EBITDA margin (%)	15.3	11.4	13.4	14.5	16.3	16.5	14.5	16.3	16.4	-4 bps	0 bps	12 bps
Other income	2,928	3,315	3,702	4,001	4,330	4,699	4,001	4,328	4,691	(0)	—	—
Interest	(162)	(203)	(162)	(8)	(8)	(8)	(8)	(8)	(8)	—	—	—
Depreciation	(1,103)	(1,187)	(1,255)	(1,211)	(1,190)	(1,166)	(1,211)	(1,190)	(1,166)	—	—	—
PBT	10,303	7,789	8,080	11,140	14,393	16,514	11,164	14,038	15,855	(0)	3	4
Tax rate (%)	29.9	16.7	23.5	24.0	24.0	24.0	24.0	24.0	24.0	-1 bps	0 bps	0 bps
PAT	7,226	6,293	6,179	8,467	10,939	12,550	8,484	10,669	12,050	(0)	3	4
Adjusted PAT	7,306	7,072	6,350	8,625	11,113	12,743	8,643	10,843	12,242	(0)	2	4
<b>EPS (Rs)</b>	<b>26.4</b>	<b>25.5</b>	<b>22.9</b>	<b>31.1</b>	<b>40.1</b>	<b>46.0</b>	<b>31.2</b>	<b>39.1</b>	<b>44.2</b>	(0)	2	4
<b>Growth (%)</b>												
Revenues	11	(9)	(16)	33	20	14	33	16	12			
Power generation	18	(10)	(21)	46	26	15	46	15	12			
Industrials	23	3	(21)	42	11	10	42	11	10			
Distribution	11	(1)	(10)	15	15	12	15	15	12			
Exports	5	(22)	(11)	35	25	16	35	23	15			
EBITDA	18	(32)	(1)	44	35	15	45	30	13			
PAT	8	(3)	(10)	36	29	15	36	25	13			

Source: Company, Kotak Institutional Equities estimates

Exhibit 12: Standalone balance sheet, profit model and cash flow statement of Cummins, March fiscal year-ends, 2012-24E (Rs mn)

	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022E	2023E	2024E
<b>Profit model</b>													
Net revenue	41,172	46,012	39,767	44,058	47,088	50,773	50,825	56,590	51,577	43,292	57,663	69,262	78,758
Total operating costs	(34,200)	(37,545)	(32,799)	(36,708)	(39,337)	(42,755)	(43,501)	(47,949)	(45,715)	(37,497)	(49,304)	(58,001)	(65,769)
EBITDA	6,972	8,467	6,967	7,351	7,751	8,018	7,325	8,641	5,863	5,795	8,359	11,261	12,989
Other operational income	651	922	776	847	1,212	1,192	1,307	1,333	961	732	773	817	864
Other income	1,233	1,949	1,777	2,040	2,259	2,080	2,285	2,928	3,315	3,702	4,001	4,330	4,699
PBDIT	8,206	10,416	8,744	9,390	10,010	10,098	9,609	11,569	9,178	9,497	12,360	15,591	17,688
Financial charges	(54)	(46)	(42)	(45)	(96)	(168)	(148)	(162)	(203)	(162)	(8)	(8)	(8)
Depreciation	(420)	(473)	(528)	(797)	(810)	(848)	(938)	(1,103)	(1,187)	(1,255)	(1,211)	(1,190)	(1,166)
Pre-tax profit	7,732	9,897	8,175	8,548	9,104	9,082	8,523	10,303	7,789	8,080	11,140	14,393	16,514
Taxation	(2,282)	(2,872)	(2,175)	(1,515)	(1,561)	(1,736)	(1,826)	(3,078)	(1,297)	(1,901)	(2,674)	(3,454)	(3,963)
PAT	5,913	7,641	6,000	7,859	7,543	7,346	7,085	7,226	6,293	6,179	8,467	10,939	12,550
Adjusted PAT	5,788	7,348	5,999	6,805	7,179	7,280	6,745	7,306	7,072	6,350	8,625	11,113	12,743
<b>Balance sheet</b>													
Shareholders funds	20,432	23,867	25,652	28,865	34,813	37,422	39,861	41,305	41,750	44,068	46,835	50,430	54,561
Loan funds	—	—	—	—	—	2,508	2,515	3,092	4,854	156	156	156	156
Total source of funds	20,432	23,867	25,652	28,865	34,813	39,930	42,376	44,396	46,603	44,224	46,991	50,587	54,717
Net block	4,649	4,934	9,192	12,340	12,894	12,322	12,882	12,848	12,277	11,654	11,442	11,252	11,586
Net fixed assets	6,273	8,066	12,215	14,763	18,086	16,954	13,261	14,433	13,077	12,929	12,717	12,527	12,861
Investments and goodwill	5,975	6,276	4,954	4,650	3,336	9,753	12,798	10,133	18,606	13,892	13,891	13,891	13,891
Cash balances	2,235	3,547	865	799	897	1,291	4,709	7,379	4,538	9,652	11,080	12,829	14,959
Net current assets excluding cash	5,879	6,307	8,083	9,284	12,246	11,501	11,866	13,400	11,038	8,377	10,125	12,162	13,830
Total application of funds	20,432	23,867	25,652	28,865	34,813	39,930	42,376	44,396	46,603	44,224	46,991	50,587	54,717
<b>Cash flow statement</b>													
Operating profit before working capital changes	7,404	8,826	7,525	8,006	8,579	8,951	8,537	10,202	7,455	7,683	11,881	15,051	17,073
Change in working capital	(825)	(883)	(1,607)	(1,142)	33	371	(370)	(2,341)	144	1,028	(1,749)	(2,037)	(1,667)
Tax paid	(2,155)	(2,657)	(2,308)	(1,853)	(1,694)	(1,867)	(1,823)	(2,361)	(1,609)	(832)	(2,674)	(3,454)	(3,963)
Cashflow from operating activities	4,425	5,286	3,611	5,012	6,918	7,456	6,344	5,500	5,990	7,879	7,458	9,560	11,443
Fixed assets	(2,281)	(2,148)	(4,678)	(3,304)	(4,899)	(2,315)	(905)	(2,734)	(2,366)	(1,140)	(802)	(1,000)	(1,500)
Investments	1,547	302	1,489	1,296	1,339	(3,655)	(1,518)	1,956	(1,163)	(75)	—	—	—
Cash (used) / realised in investing activities	77	(2,186)	552	(563)	(2,121)	(4,860)	(1,327)	169	(2,135)	155	(322)	(460)	(885)
Borrowings	—	—	—	—	—	—	—	—	—	—	—	—	—
Dividend paid	(3,452)	(3,544)	(4,216)	(4,216)	(4,669)	(4,663)	(4,639)	(5,681)	(5,681)	(3,881)	(5,699)	(7,343)	(8,420)
Cash (used) / realised in financing activities	(3,506)	(3,590)	(4,258)	(4,261)	(4,677)	(2,245)	(4,731)	(5,226)	(4,109)	(8,724)	(5,707)	(7,351)	(8,428)
Cash generated / utilised	996	(490)	(95)	188	119	350	285	443	(254)	(691)	1,429	1,749	2,129
Cash at beginning of year	156	1,152	662	567	755	851	1,237	4,709	7,379	4,538	9,652	11,080	12,829
Cash at end of year	1,152	662	567	755	851	1,237	1,523	5,139	7,240	3,939	11,080	12,829	14,959
<b>Growth (%)</b>													
Revenue growth	1.8	11.8	(13.6)	10.8	6.9	7.8	0.1	11.3	(8.9)	(16.1)	33.2	20.1	13.7
EBITDA growth	(8.7)	21.4	(17.7)	5.5	5.4	3.4	(8.7)	18.0	(32.2)	(1.2)	44.2	34.7	15.3
Recurring PAT growth	(7.5)	26.9	(18.4)	13.4	5.5	1.4	(7.3)	8.3	(3.2)	(10.2)	35.8	28.8	14.7
<b>Key ratios (%)</b>													
Gross margin	35.7	37.2	39.0	38.2	37.1	35.5	35.9	36.1	34.7	36.2	35.4	36.4	36.3
EBITDA margin	16.9	18.4	17.5	16.7	16.5	15.8	14.4	15.3	11.4	13.4	14.5	16.3	16.5
PAT margin	13.2	15.3	15.1	16.0	16.0	14.5	13.2	12.8	12.6	14.3	14.7	15.8	15.9
RoE	28.3	31.7	24.2	25.8	23.7	20.3	17.3	17.8	15.6	14.4	18.6	22.5	23.9
RoCE	22.7	28.7	19.9	26.1	18.8	11.5	9.9	5.9	6.9	5.6	18.2	22.0	23.5
Debt / equity (X)	0.0	0.0	0.0	0.0	0.0	0.1	0.1	0.1	0.1	0.0	0.0	0.0	0.0
Adj. EPS (Rs)	20.9	26.5	21.6	24.5	25.9	26.3	24.3	26.4	25.5	22.9	31.1	40.1	46.0

Source: Company, Kotak Institutional Equities estimates



## March 2021: Results calendar

Mon	Tue	Wed	Thu	Fri	Sat
28-Jun	29-Jun	30-Jun	1-Jul	2-Jul	3-Jul
		Idea Cellular			
		Rajesh Exports			

Source: NSE, Kotak Institutional Equities

## Kotak Institutional Equities: Valuation summary of KIE Universe stocks

		Price (Rs)	Fair Value	Upside	Mkt cap.		O/S shares	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT-3M
Company	Rating	29-Jun-21	(Rs)	(%)	(Rs bn)	(US\$ bn)	(mn)	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	(US\$ mn)
Automobiles & Components																													
Amara Raja Batteries	SELL	746	725	(3)	127	1.7	171	38	42	48	(2)	10	16	20	18	15	11.3	9.8	8.4	3.0	2.7	2.4	16.4	15.9	16.3	1.5	1.4	1.6	22
Apollo Tyres	ADD	226	240	6	144	1.9	638	13	15	19	57	17	24	17	15	12	6.7	6.1	5.1	1.3	1.2	1.1	7.8	8.3	9.5	1.5	1.2	1.2	21
Ashok Leyland	REDUCE	124	125	1	363	4.9	2,936	(1)	2	6	(185)	256	265	NM	77	21	73.6	24.0	11.7	5.2	5.0	4.4	NM	6.6	22	0.5	0.5	1.9	36
Bajaj Auto	BUY	4,125	4,600	12	1,194	16	289	157	199	239	(11)	27	20	26	21	17	19.8	15.2	12.1	4.7	4.3	3.9	20	22	24	3.4	2.9	3.5	30
Balkrishna Industries	SELL	2,243	1,500	(33)	434	5.8	193	61	67	79	23	10	19	37	34	28	23.4	20.6	17.4	7.2	6.3	5.4	21	20.0	20	0.8	0.8	0.9	16
Bharat Forge	SELL	748	485	(35)	348	4.7	466	(3)	16	23	(136)	669	49	NM	48	32	45.2	24.3	18.4	6.4	5.8	5.0	NM	12.7	16.6	0.3	0.4	0.4	26
CEAT	ADD	1,351	1,500	11	55	0.7	40	114	98	126	82	(15)	29	12	14	11	6.9	7.0	5.9	1.6	1.5	1.3	14.9	11.4	13.3	1.3	1.3	1.7	5
Eicher Motors	SELL	2,705	2,200	(19)	740	10.0	272	49	75	103	(26)	51	38	55	36	26	37.2	27.2	20.7	7.6	6.5	5.5	15.0	19.3	23	0.6	0.5	0.5	28
Endurance Technologies	SELL	1,599	1,260	(21)	225	3.0	141	38	49	62	(7)	30	27	43	33	26	21.2	16.3	13.3	6.3	5.4	4.6	14.6	16.6	17.9	0.4	0.5	0.6	3
Escorts	BUY	1,195	1,700	42	121	2.2	101	86	91	101	58	6	11	14	13	12	9.5	8.6	7.4	2.2	2.0	1.7	16.2	14.9	14.6	0.6	1.1	1.3	25
Exide Industries	REDUCE	183	180	(2)	155	2.1	850	9	10	12	(10)	16	12	20	18	16	11.4	9.6	8.7	2.3	2.1	1.9	11.5	12.3	12.8	1.1	2.5	2.5	8
Hero Motocorp	REDUCE	2,928	2,900	(1)	585	7.9	200	148	195	211	(7)	32	8	20	15	14	11.9	9.6	8.6	3.8	3.5	3.2	20	24	24	3.6	4.0	4.3	36
Mahindra CIE Automotive	SELL	230	150	(35)	87	1.2	378	3	8	15	(70)	178	88	82	29	16	19.8	10.0	8.1	1.8	1.7	1.6	2.2	5.9	10.4	—	—	—	2
Mahindra & Mahindra	BUY	782	975	25	972	13.1	1,138	29	39	53	22	34	36	27	20	15	13.5	12.5	9.5	2.5	2.3	2.0	9.4	11.9	14.5	1.1	0.7	1.0	51
Maruti Suzuki	SELL	7,488	5,600	(25)	2,262	30.5	302	140	213	266	(25)	52	25	53	35	28	34.0	20.6	16.1	4.4	4.0	3.6	8.5	12.0	13.6	0.6	0.7	0.9	72
Motherson Sumi Systems	ADD	237	260	10	747	10.1	3,158	3	9	12	(7)	160	29	69	27	20	18.2	9.5	7.5	5.9	4.7	3.8	9.1	19.9	21	0.6	0.7	1.0	51
MRF	SELL	80,222	69,150	(14)	340	4.6	4	3,012	3,140	3,841	(10)	4	22	27	26	21	10.1	10.1	8.2	2.5	2.3	2.1	10.0	9.5	10.5	0.2	0.1	0.1	23
Schaeffler India	SELL	5,566	4,350	(22)	174	2.3	31	93	153	191	(21)	65	25	60	36	29	30.1	20.0	16.0	5.5	5.0	4.4	9.5	14.4	16.1	—	—	—	1
SKF	SELL	2,565	1,890	(26)	127	1.7	49	60	75	90	3	25	19	43	34	29	29.0	24.1	19.8	8.1	6.8	5.7	19.0	20.0	20.0	4.2	0.5	0.6	2
Tata Motors	SELL	342	205	(40)	1,308	16.4	3,829	(4)	17	24	82	569	40	NM	20	14	7.2	4.9	4.2	2.4	2.1	1.8	NM	11.4	14.0	—	—	—	219
Timken	SELL	1,490	940	(37)	112	1.5	75	19	29	43	(42)	55	47	78	51	35	44.0	30.2	21.4	8.3	7.4	6.3	9.8	15.5	19.7	0.1	0.1	0.1	1
TVS Motor	SELL	612	425	(31)	291	3.9	475	13	20	26	(1)	55	28	48	31	24	20.4	15.8	12.9	7.0	6.0	5.1	15.7	21	23	0.5	0.8	1.0	24
Varroc Engineering	ADD	369	450	22	56	0.8	135	(47)	11	34	(25,185)	125	200	NM	32	11	19.8	6.9	4.7	1.6	1.5	1.4	NM	4.8	12.6	—	—	—	1
Automobiles & Components		Cautious			10,965	147.0					13	86	30	47	26	20	14.6	10.5	8.6	3.8	3.4	3.0	8.0	13.3	15.4	1.1	1.0	1.2	702
Banks																													
AU Small Finance Bank	SELL	1,076	800	(26)	336	4.5	312	37	27	35	69	(27)	29	29	39	30	—	—	—	5.8	5.1	4.4	22.0	12.8	14.4	—	—	—	26
Axis Bank	BUY	752	810	8	2,305	31.1	3,064	22	48	58	273	122	21	35	16	13	—	—	—	2.4	2.2	1.9	7.1	13.6	14.6	0.4	1.0	1.1	135
Bandhan Bank	ADD	336	350	4	541	7.3	1,611	14	23	28	(27)	65	26	25	15	12	—	—	—	3.5	2.8	2.3	13.5	19.1	20.0	—	0.5	0.6	37
Bank of Baroda	ADD	87	95	9	450	6.1	5,178	2	16	20	35	890	29	54	5	4	—	—	—	0.8	0.7	0.6	1.2	11.0	12.8	0.0	3.6	4.7	67
Canara Bank	REDUCE	154	150	(2)	253	3.4	1,647	16	17	20	172	7	21	10	9	8	—	—	—	0.7	0.7	0.6	4.6	4.5	5.3	—	—	—	43
City Union Bank	REDUCE	170	160	(6)	125	1.7	739	8	8	11	24	(2)	45	21	22	15	—	—	—	2.5	2.3	2.1	10.6	9.6	12.7	1.4	0.9	1.3	6
DCB Bank	BUY	105	150	43	33	0.4	311	11	12	17	(1)	8	43	10	9	6	—	—	—	1.1	1.0	0.9	10.0	9.9	12.8	1.0	1.1	1.6	3
Equitas Holdings	BUY	95	100	5	32	0.4	342	8	8	16	30	5	97	12	11	6	—	—	—	1.1	1.0	0.9	9.2	8.8	15.4	—	—	—	2
Equitas Small Finance Bank	ADD	59	65	9	68	0.9	1,139	3	4	5	46	21	22	18	15	12	—	—	—	2.0	1.8	1.6	12.5	12.8	13.7	—	—	—	1
Federal Bank	BUY	87	100	16	173	2.3	1,996	8	9	13	3	9	54	11	10	6	—	—	—	1.2	1.1	0.9	10.4	10.3	14.4	0.8	1.8	2.8	28
HDFC Bank	ADD	1,502	1,650	10	8,301	111.8	5,513	56	65	75	18	15	16	27	23	20	—	—	—	4.1	3.7	3.3	16.6	16.5	17.0	0.0	1.1	1.3	173
ICICI Bank	BUY	640	710	11	4,433	59.7	6,917	23	33	36	91	41	10	27	19	18	—	—	—	3.2	2.9	2.5	12.3	14.6	14.3	0.3	1.0	1.1	163
IndusInd Bank	ADD	1,018	1,050	3	788	10.6	773	37	65	85	(41)	73	31	27	16	12	—	—	—	1.9	1.7	1.5	7.6	11.1	13.1	0.5	0.9	1.2	83
Karur Vysya Bank	BUY	52	65	25	42	0.6	799	4	7	11	53	63	53	12	7	5	—	—	—	0.7	0.7	0.6	5.3	8.2	11.6	1.0	3.6	5.6	1
Punjab National Bank	REDUCE	43	36	(16)	473	6.4	11,011	2	4	6	287	130	36	22	10	7	—	—	—	0.8	0.7	0.6	2.8	5.5	7.0	—	—	—	90
RBL Bank	BUY	212	240	13	127	1.7	598	8	17	32	(15)	103	85	25	12	7	—	—	—	1.1	1.0	0.9	4.4	7.9	13.3	0.6	1.2	2.3	39
SBI Cards and Payment Services	ADD	975	1,100	13	917	12.4	941	10	17	27	(21)	65	56	93	56	36	—	—	—	14.5	11.7	9.0	16.9	23	28	0.1	0.1	0.1	51
State Bank of India	BUY	422	520	23	3,762	50.7	8,925	23	40	51	41	74	27	18	11	8	—	—	—	2.0	1.7	1.4	8.4	13.1	14.5	0.9	0.0	0.0	260
Ujjivan Financial Services	BUY	208	345	66	25	0.3	121	34	44	—	25	32	(100)	6	5	-	—	—	—	1.0	0.9	—	17.0	19.3	NM	2.0	2.9	0.0	2
Ujjivan Small Finance Bank	ADD	31	34	9	54	0.7	1,728	(0)	1	3	(103)	2,275	112	NM	24	11	—	—	—	2.0	1.8	1.5	0.3	7.4	13.5	0.0	0.0	0.0	2
Union Bank	REDUCE	39	34	(13)	268	3.6	6,407	5	5	7	154	5	56	9	8	5	—	—	—	0.6	0.6	0.5	5.0	4.9	7.1	0.0	0.0	0.0	12
YES Bank	SELL	14	11	(19)	339	4.6	25,055	(1)	(1)	(0)	89	37	89	NM	NM	NM	—	—	—	1.3	1.4	1.4	NM	NM	NM	0.0	0.0	0.0	26
Banks		Attractive			23,847	321.2																							

Source: Company, Bloomberg, Kotak Institutional Equities estimates

## Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	Price (Rs)	Fair Value	Upside	Mkt cap.		O/S shares		EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT-3M
		29-Jun-21	(Rs)	(%)	(Rs bn)	(US\$ bn)	(mn)	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	(US\$ mn)	
Building Products																														
Astral	SELL	1,926	1,100	(43)	387	5.2	201	20	23	27	63	17	16	96	82	71	59.4	50.2	43.2	20.4	16.9	14.3	24	23	22	0.1	0.2	0.3	9	
Building Products	Cautious				387	5.2					63	17	16	96	82	71	59.4	50.2	43.2	20.4	16.9	14.3	21	21	20	0.1	0.2	0.3	9	
Capital goods																														
ABB	BUY	1,789	1,850	3	379	5.1	212	8	21	28	(54)	157	35	221	86	64	129.4	60.4	44.2	10.5	9.7	8.8	4.8	11.7	14.5	0.3	0.3	0.4	5	
Ashoka Buildcon	BUY	109	155	42	31	0.4	281	15	13	14	5	(13)	8	8	9	8	6.3	5.8	5.1	1.0	0.9	0.8	14.6	11.3	11.1	0.0	1.9	2.0	3	
Bharat Electronics	BUY	175	180	3	426	5.7	2,437	9	9	9	15	10	(0)	20	18	19	11.7	11.7	11.1	3.8	3.5	3.1	19.9	19.7	17.7	2.3	2.0	2.0	37	
BHEL	SELL	65	34	(47)	226	3.0	3,482	(8)	(0)	2	(84)	97	983	NM	NM	35	(6.6)	54.5	17.3	0.9	0.9	0.8	NM	NM	2.4	0.0	0.0	1.0	87	
Carborundum Universal	ADD	596	545	(9)	113	1.5	190	15	21	26	4	37	26	40	29	23	22.9	17.7	14.0	5.3	4.7	4.2	14.3	17.2	19.2	0.7	1.0	1.2	2	
Cochin Shipyard	BUY	386	510	32	51	0.7	132	46	41	42	(4)	(12)	3	8	9	9	4.2	4.1	4.7	1.3	1.2	1.1	15.8	12.9	12.2	3.1	3.3	3.5	3	
Cummins India	BUY	851	1,030	21	236	3.2	277	23	31	40	(10)	36	29	37	27	21	38.5	26.5	19.5	5.4	5.0	4.7	14.8	19.0	23	1.8	2.0	2.6	15	
Dilip Buildcon	BUY	547	630	15	80	1.1	146	22	40	58	(23)	84	45	25	14	9	7.7	6.2	5.2	2.0	1.6	1.4	8.5	13.1	15.6	0.2	0.1	0.2	3	
IRB Infrastructure	BUY	156	145	(7)	55	0.7	351	3	9	12	(84)	178	28	47	17	13	8.5	7.7	6.3	0.8	0.8	0.7	1.7	4.6	5.7	2.5	0.9	1.4	9	
Kalpataru Power Transmission	BUY	415	525	26	62	0.8	153	33	37	46	29	12	27	13	11	9	5.4	5.2	4.3	1.7	1.4	1.2	14.2	13.4	14.5	2.1	1.0	1.3	2	
KEC International	BUY	449	450	0	115	1.6	257	21	26	35	(2)	23	33	21	17	13	11.5	9.4	7.4	3.4	2.9	2.4	18.0	18.6	21	0.5	0.6	0.8	3	
L&T	BUY	1,511	1,850	22	2,122	28.6	1,405	49	71	95	(23)	46	34	31	21	16	21.2	15.5	13.5	3.3	3.1	2.9	11.3	15.2	19.0	2.4	1.9	2.6	57	
Siemens	SELL	1,992	1,740	(13)	709	9.6	356	35	40	48	63	14	21	58	50	42	40.2	35.1	29.0	6.9	6.3	5.7	12.5	13.1	14.4	0.5	0.6	0.7	13	
Thermax	SELL	1,442	1,200	(17)	172	2.3	113	23	33	42	22	42	28	63	44	34	43.8	32.6	25.3	43.8	32.6	25.3	8.3	11.1	13.5	0.5	1.1	1.4	1	
Capital goods	Attractive				4,777	64.3					(23)	65	31	42	26	20				3.2	3.0	2.8	7.5	11.7	14.2	1.6	1.4	1.8	241	
Commercial & Professional Services																														
SIS	BUY	429	430	0	64	0.9	149	25	20	23	63	(20)	20	17	22	18	12.2	12.4	11.0	3.5	3.1	2.8	23	15.1	16.0	1.4	1.1	1.3	2	
TeamLease Services	ADD	3,598	3,950	10	62	0.8	17	34	85	112	68	148	32	105	42	32	59.5	38.9	29.2	9.4	7.7	6.2	9.6	20	21	—	—	—	1	
Commercial & Professional Service	Attractive				125	1.7					64	3	24	29	29	23	19.7	18.1	15.3	5.0	4.4	3.8	17.2	15.4	16.4	0.7	0.6	0.7	3	
Commodity Chemicals																														
Asian Paints	REDUCE	3,002	2,500	(17)	2,879	38.8	959	33	38	47	20	15	24	92	80	64	58.6	51.9	43.6	22.5	20.0	17.8	27	27	29	0.6	0.7	0.9	62	
Berger Paints	SELL	804	630	(22)	781	10.5	971	7	10	12	9	32	25	109	82	66	65.5	51.1	41.9	23.1	19.9	17.2	24	26	28	0.3	0.4	0.6	11	
Kansai Nerolac	REDUCE	585	610	4	315	4.2	539	10	12	15	0	22	26	59	48	38	37.9	31.9	25.6	7.6	7.0	6.3	13.6	15.1	17.3	0.5	0.7	0.9	2	
Tata Chemicals	SELL	721	540	(25)	184	2.5	255	11	32	36	(66)	198	14	68	23	20	11.2	7.7	7.0	1.3	1.3	1.3	2.0	5.7	6.5	1.4	4.4	5.0	48	
Commodity Chemicals	Neutral				4,159	56.0					1	29	23	89	69	56	49.0	40.3	33.9	12.0	11.2	10.4	13.5	16.3	18.5	0.6	0.8	1.0	123	
Construction Materials																														
ACC	REDUCE	2,052	1,950	(5)	385	5.2	188	75	95	106	4	27	11	27	22	19	13.2	11.0	9.6	3.0	2.8	2.5	11.7	13.5	13.5	0.7	1.2	1.3	20	
Ambuja Cements	REDUCE	344	320	(7)	684	9.2	1,986	13	13	16	28	1	22	26	26	21	11.6	9.5	7.7	3.0	2.7	2.5	11.3	11.2	12.4	5.2	0.7	0.9	23	
Dalmia Bharat	BUY	1,874	1,800	(4)	351	4.7	187	54	58	80	286	7	37	35	32	24	12.7	11.4	9.0	2.8	2.6	2.3	8.7	8.2	10.3	—	—	—	4	
Grasim Industries	ADD	1,503	1,520	1	989	13.3	657	68	86	108	(22)	27	25	22	17	14	9.4	7.8	6.3	1.5	1.4	1.3	7.3	8.3	9.4	0.6	0.6	0.5	33	
J K Cement	REDUCE	2,853	2,450	(14)	220	3.0	77	94	122	137	46	30	13	30	23	21	15.3	13.3	11.7	5.9	4.8	3.9	21	23	21	0.5	0.4	0.4	2	
JK Lakshmi Cement	ADD	574	550	(4)	68	0.9	118	38	39	43	60	4	11	15	15	13	8.1	7.3	6.7	3.2	2.7	2.3	23	20	18.7	0.7	1.0	1.1	5	
Orient Cement	ADD	136	140	3	28	0.4	205	10	10	11	147	(6)	9	13	14	13	6.2	6.0	6.2	2.1	1.9	1.7	17.7	14.5	14.2	1.5	1.5	1.5	2	
Shree Cement	SELL	28,134	20,000	(29)	1,015	13.7	36	641	833	983	47	30	18	44	34	29	25.1	19.7	16.7	6.7	5.6	4.8	16.4	18.1	18.0	0.2	0.2	0.2	22	
The Ramco Cements	SELL	1,036	800	(23)	244	3.3	236	32	34	43	26	4	27	32	31	24	17.6	15.1	12.2	4.3	3.8	3.3	14.2	13.0	14.6	0.3	0.3	0.4	9	
UltraTech Cement	REDUCE	6,825	6,300	(8)	1,970	26.5	289	193	245	282	(3)	27	15	35	28	24	17.6	14.6	13.0	4.5	4.0	3.5	13.4	15.0	15.3	0.5	0.3	0.4	45	
Construction Materials	Attractive				5,954	80.2					7	21	20	30	25	21	14.0	11.6	9.9	3.2	2.9	2.6	10.5	11.4	12.2	1.0	0.4	0.5	166	

Source: Company, Bloomberg, Kotak Institutional Equities estimates

## Kotak Institutional Equities: Valuation summary of KIE Universe stocks

		Price (Rs)	Fair Value	Upside	Mkt cap.		O/S shares		EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT-3M
Company	Rating	29-Jun-21	(Rs)	(%)	(Rs bn)	(US\$ bn)	(mn)	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	(US\$ mn)	
Consumer Durables & Apparel																														
Crompton Greaves Consumer	SELL	422	305	(28)	265	3.6	628	9	10	11	19	4	15	45	43	37	38	32	27	13.7	11.1	9.0	35	29	27	0.5	0.6	0.6	11	
Havells India		979	845	(14)	613	8.3	626	17	20	24	41	23	18	59	48	40	38	33	27	12.5	10.8	9.4	23	24	25	0.6	0.7	0.9	21	
Page Industries	REDUCE	29,641	30,500	3	331	4.5	11	305	486	598	(1)	59	23	97	61	50	62	41	34	37.4	31.1	26.3	40	56	57	0.8	1.2	1.5	14	
Polycab	ADD	1,948	1,700	(13)	290	3.9	149	59	62	69	14	6	10	33	31	28	25	20	18	6.1	5.2	4.5	20	18.1	17.1	0.4	0.4	0.4	8	
TCNS Clothing Co.	SELL	574	440	(23)	35	0.5	68	(10)	3	15	(194)	133	361	NM	172	37	(486)	25	14.3	6.2	5.7	4.7	NM	3.5	13.8	—	—	—	2	
Voltas	SELL	1,028	830	(19)	340	4.6	331	13	24	29	(21)	85	23	80	43	35	62	35	29	6.8	6.1	5.5	9.2	15.0	16.4	0.3	0.6	0.7	25	
Whirlpool	SELL	2,217	1,920	(13)	281	3.8	127	26	43	60	(30)	64	38	84	51	37	50	36	25	10.0	8.7	7.4	12.4	18.1	21	0.2	0.4	0.5	5	
Consumer Durables & Apparel	Cautious				2,156	29.0					3	33	21	61	46	38	42	32	26	10.3	8.9		16.9	19.6	20	0.5	0.7		86	
Consumer Staples																														
Bajaj Consumer Care	ADD	289	325	13	43	0.6	148	15	16	18	21	8	9	19	18	16	15.1	14.1	12.5	5.6	5.1	4.6	32	30	30	3.5	3.8	3.8	5	
Britannia Industries	ADD	3,657	3,650	(0)	88.1	11.9	241	78	70	82	32	(9)	16	47	52	45	35	37	32	24.8	45.3	41.9	46	61	96	3.0	2.1	1.6	27	
Colgate-Palmolive (India)	ADD	1,668	1,760	5	454	6.1	272	38	39	44	34	3	12	44	43	38	29.5	28.0	25.1	38.9	39.1	36.3	75	92	99	2.3	2.2	2.5	13	
Dabur India	ADD	567	555	(2)	1,003	13.5	1,767	10	10	12	11	8	18	59	55	46	49	44	38	13.1	12.6	11.5	24	24	26	0.8	1.0	1.1	20	
Godrej Consumer Products	ADD	878	925	5	898	12.1	1,023	17	18	21	25	6	16	51	48	41	37	34	29	9.5	8.5	7.7	20	18.7	19.5	0.0	1.1	1.3	24	
Hindustan Unilever	ADD	2,493	2,650	6	5,856	78.9	2,350	34	40	48	9	19	18	74	62	52	51	43	36	12.3	12.0	11.6	29	19.7	23	1.2	1.5	1.8	58	
ITC	BUY	203	257	26	2,502	33.7	12,330	11	12	13	(8)	10	12	19	17	16	14.4	12.5	11.0	4.2	4.1	4.0	21	23	25	5.3	5.2	5.5	74	
Jyothy Laboratories	ADD	152	170	12	56	0.8	367	6	6	7	26	3	19	26	25	21	17.5	18.0	15.3	3.9	3.8	3.6	16.4	15.3	17.4	2.6	3.0	3.3	2	
Marico	ADD	538	465	(14)	694	9.4	1,290	9	10	11	11	11	13	60	54	47	43	38	33	21.4	20.1	18.7	37	39	41	1.4	1.6	1.8	17	
Nestle India	ADD	17,599	18,250	4	1,697	22.9	96	216	255	301	6	18	18	81	69	59	53	46	39	84.0	60.8	46.1	106	102	90	1.1	1.0	1.2	19	
Tata Consumer Products	ADD	758	650	(14)	699	9.4	922	10	11	15	21	16	32	79	68	51	44	38	31	4.8	4.6	4.3	6.3	7.0	8.7	0.5	0.6	0.7	35	
United Breweries	ADD	1,449	1,365	(6)	383	5.2	264	5	14	31	(72)	212	119	318	102	47	100	52	27	10.7	9.7	8.3	3.4	10.0	19.2	0.0	0.4	1.2	28	
United Spirits	ADD	668	680	2	485	6.5	727	6	11	16	(45)	75	48	105	60	41	50	36	26	11.3	9.5	8.2	11.1	17.3	22	—	—	0.7	18	
Varun Beverages	BUY	727	767	6	315	4.2	433	9	17	24	(16)	89	42	80	42	30	29	19	15	8.9	7.5	6.1	11.5	19.4	23	0.1	0.3	0.3	6	
Consumer Staples	Attractive				15,966	215.1					3	14	18	49	43	36	35	30	25	9.9	9.5	8.9	20	22	25	1.8	1.9	2.1	345	
Diversified Financials																														
Aavas Financiers	ADD	2,699	2,500	(7)	212	2.9	79	37	45	57	17	21	27	73	60	48	—	—	—	—	—	—	12.9	13.6	15.0	0.0	0.0	0.0	3	
Aditya Birla Capital	NR	117	—	—	283	3.8	2,414	4	6	8	4	36	43	28	20	14	—	—	—	—	—	—	7.8	9.7	12.4	48.1	53.0	60.0	6	
Bajaj Finance	SELL	6,052	4,200	(31)	3,653	49.2	602	73	123	169	(16)	67	37	82	49	36	—	—	—	9.9	8.4	6.9	12.8	18.4	21	0.2	0.2	0.3	196	
Bajaj Finserv	ADD	12,300	11,450	(7)	1,957	26.4	159	281	426	526	33	52	24	44	29	23	—	—	—	5.5	5.3	4.6	13.3	18.7	21	0.1	0.1	0.1	64	
Cholamandalam	BUY	519	625	20	426	5.7	820	18	30	36	44	62	20	28	17	14	—	—	—	4.7	3.8	3.1	17.1	23	23	0.4	0.6	0.8	37	
Computer Age Management Services	SELL	2,758	1,900	(31)	135	1.8	49	42	49	56	18	17	14	66	56	49	—	—	—	26.1	22.0	18.8	39	43	41	2.3	1.2	1.3	7	
HDFC	BUY	2,501	3,050	22	4,516	60.8	1,804	67	72	86	(35)	8	19	38	35	29	—	—	—	4.1	3.8	3.5	12.0	11.5	12.6	0.8	0.9	1.0	119	
HDFC AMC	SELL	2,943	2,260	(23)	627	8.4	213	62	71	83	5	14	17	47	42	36	—	—	—	13.1	11.4	9.8	30	29	30	1.2	1.3	1.5	10	
IIFL Wealth	ADD	1,127	1,300	15	99	1.3	89	42	50	60	75	20	21	27	23	19	—	—	—	3.5	3.3	3.2	12.7	15.1	17.6	6.2	3.1	3.7	1	
L&T Finance Holdings	ADD	94	115	23	231	3.1	2,469	4	8	10	(55)	111	24	24	12	9	—	—	—	1.2	1.1	1.0	4.8	10.2	11.4	0.0	0.6	0.6	19	
LIC Housing Finance	ADD	473	600	27	239	3.2	550	54	54	67	12	1	23	9	9	7	—	—	—	1.5	1.4	1.2	14.1	13.1	13.7	1.8	1.8	2.2	28	
Mahindra & Mahindra Financial	ADD	158	200	27	195	2.6	1,230	3	14	16	(81)	421	15	58	11	10	—	—	—	1.4	1.3	1.2	2.6	11.4	12.0	0.5	1.8	2.1	24	
Muthoot Finance	REDUCE	1,469	1,375	(6)	589	7.9	401	93	110	125	23	19	14	16	13	12	—	—	—	3.9	3.2	2.6	28	26	24	1.4	1.5	1.7	28	
Shriram City Union Finance	BUY	1,678	1,725	3	111	1.5	66	153	173	196	1	13	13	11	10	9	—	—	—	1.4	1.3	1.1	13.2	13.3	13.4	2.0	1.5	1.7	1	
Shriram Transport	BUY	1,358	1,575	16	363	4.9	253	98	139	167	(11)	41	20	14	10	8	—	—	—	1.7	1.5	1.3	12.6	15.2	16.0	1.3	1.5	1.8	45	
Diversified Financials	Attractive				13,636	183.7					(12)	34	23	37	28	22				4.3	3.9	3.4	11.7	14.0	15.1	0.6	0.7	0.8	59	

Source: Company, Bloomberg, Kotak Institutional Equities estimates

## Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	Price (Rs)	Fair Value	Upside	Mkt cap.		O/S shares		EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT-3M	
		29-Jun-21	(Rs)	(%)	(Rs bn)	(US\$ bn)	(mn)	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	(US\$ mn)		
Electric Utilities																															
CESC	BUY	777	825	6	103	1.4	133	100	115	126	2	14	10	8	7	6	5.9	4.7	4.2	0.8	0.7	0.7	12.1	11.6	11.5	5.8	1.8	2.1	7		
JSW Energy	SELL	163	100	(39)	267	3.6	1,640	5	6	7	(23)	29	5	34	26	25	10.3	8.8	9.2	1.8	1.7	1.6	6.1	6.8	6.7	—	—	—	14		
NHPC	ADD	26	30	17	259	3.5	10,045	3	3	4	20	(2)	10	8	8	7	8.5	8.2	6.8	0.8	0.8	0.7	10.7	9.8	10.4	7.0	7.9	8.8	3		
NTPC	BUY	118	125	6	1,140	15.4	9,697	16	15	16	40	(4)	8	8	8	7	9.6	6.9	5.8	1.0	0.9	0.8	13.0	11.7	11.7	4.9	3.8	4.1	29		
Power Grid	BUY	236	260	10	1,235	16.6	5,232	25	29	30	18	18	3	10	8	8	7.0	6.3	5.8	1.8	1.6	1.4	19.2	20	18.8	5.5	4.9	6.3	37		
Tata Power	ADD	123	110	(10)	392	5.3	3,196	4	5	5	(10)	33	(2)	31	23	23	9.7	8.8	8.7	1.9	1.7	1.6	6.6	7.9	7.2	—	—	—	83		
Electric Utilities	Attractive				3,396	45.7					23	7	6	10	9	9				1.3	1.2	1.1	12.9	12.7	12.4	4.4	3.7	4.4	173		
Fertilizers & Agricultural Chemicals																															
Bayer Cropscience	SELL	5,697	4,600	(19)	256	3.4	45	130	159	184	0	22	15	44	36	31	30	26	22	10.0	8.2	6.8	23	25	24	0.4	0.6	0.6	2		
Dhanuka Agritech	SELL	954	775	(19)	44	0.6	48	44	43	47	49	(3)	10	22	22	20	15.8	16.3	14.7	5.7	4.8	4.2	28	23	22	0.4	1.3	1.7	4		
Godrej Agrovet	SELL	638	455	(29)	123	1.7	192	16	20	23	41	25	12	39	31	28	23	19	17	5.0	4.5	4.1	13.4	15.2	15.5	1.3	1.6	1.8	4		
PI Industries	REDUCE	2,903	2,420	(17)	440	5.9	152	50	61	74	50	22	23	58	48	39	42	34	27	8.1	7.2	6.2	18.5	16.0	17.1	0.2	0.3	0.4	16		
Rallis India	ADD	325	310	(5)	63	0.9	195	11	14	17	26	26	20	29	23	19	19.6	15.6	12.8	4.0	3.5	3.1	14.8	16.5	17.4	0.9	1.0	1.1	5		
UPL	SELL	805	650	(19)	615	8.3	765	38	46	55	62	22	20	21	18	15	10.0	8.4	7.2	3.4	3.0	2.6	16.8	18.3	19.1	1.2	1.5	1.8	80		
Fertilizers & Agricultural Chemicals	Cautious				1,542	20.8					47	22	19	31	26	22	15.4	13.0	11.1	5.0	4.4	3.8	16.1	17.1	17.6	0.8	1.0	1.2	110		
Gas Utilities																															
GAIL (India)	BUY	152	190	25	675	9.1	4,440	11	14	15	(18)	32	4	14	11	10	11.2	7.9	7.4	1.4	1.3	1.2	10.6	13.1	12.7	3.3	3.9	4.3	38		
GSPL	SELL	335	200	(40)	189	2.5	564	13	12	8	(23)	(11)	(32)	25	28	42	12.1	13.2	17.9	2.6	2.4	2.3	10.6	8.7	5.6	0.6	0.7	0.6	5		
Indraprastha Gas	ADD	550	575	5	385	5.2	700	17	21	26	0	26	23	33	26	21	25.2	19.2	15.3	6.6	5.6	4.8	21	23	24	0.7	0.9	1.3	18		
Mahanagar Gas	BUY	1,160	1,350	16	115	1.5	99	63	75	105	(16)	20	39	18	15	11	11.7	9.6	6.7	3.5	3.1	2.7	20	22	26	2.0	2.6	4.1	10		
Petronet LNG	BUY	226	275	22	339	4.6	1,500	20	20	23	11	3	11	11	10	10	6.5	6.0	5.4	2.9	2.6	2.4	26	25	25	5.1	5.3	5.8	14		
Gas Utilities	Attractive				1,703	22.9					(10)	19	8	17	14	13	11.2	9.0	8.2	2.3	2.1	1.9	13.8	15.1	15.0	2.7	3.1	3.5	86		
Health Care Services																															
Apollo Hospitals	ADD	3,592	3,400	(5)	516	7.0	144	6	46	61	(66)	632	35	576	79	58	46.1	28.4	24.0	11.2	10.3	9.3	2.3	13.7	16.8	0.1	0.5	0.7	40		
Aster DM Healthcare	BUY	155	200	29	78	1.0	500	3	9	12	(50)	212	27	53	17	13	8.8	6.2	5.2	2.3	2.1	1.8	4.4	12.9	14.5	—	—	—	2		
Dr Lal Pathlabs	SELL	3,184	1,810	(43)	265	3.6	83	35	43	46	29	23	7	91	74	69	58.6	46.2	43.6	21.4	18.4	16.1	26	27	25	0.5	0.6	0.6	23		
HCG	BUY	222	175	(21)	28	0.4	143	(8)	(2)	(2)	30	71	21	NM	NM	NM	21.6	12.4	10.8	3.3	3.4	3.5	NM	NM	NM	—	—	—	0		
Metropolis Healthcare	SELL	2,791	1,800	(35)	143	1.9	51	36	44	47	21	21	7	77	64	60	48.4	38.5	34.7	20.0	16.8	14.2	30	29	26	0.4	0.5	0.5	8		
Narayana Hrudayalaya	ADD	482	540	12	99	1.3	204	(1)	12	15	(112)	1,762	27	NM	41	33	55.7	18.1	15.6	8.8	7.3	5.9	NM	19.2	20.0	—	—	—	4		
Health Care Services	Attractive				1,128	15.2					(39)	229	24	195	59	48	35.3	22.7	19.6	9.4	8.4	7.5	4.8	14.2	15.7	0.2	0.4	0.5	77		
Hotels & Restaurants																															
Burger King	SELL	161	115	(29)	62	0.8	382	(4)	(1)	1	(66)	78	167	NM	NM	247	590.6	38.1	23.2	9.1	9.7	9.4	NM	NM	3.9	0.0	0.0	0.0	7		
Jubilant Foodworks	BUY	3,109	3,400	9	410	5.5	132	17	34	53	(26)	94	55	178	92	59	52.4	36.0	27.0	28.6	22.7	17.5	17.9	28	33	0.2	0.4	0.6	26		
Lemon Tree Hotels	REDUCE	43	38	(11)	34	0.5	790	(2)	(0)	1	(1,233)	71	226	NM	NM	72	86.0	41.1	14.3	3.7	3.6	3.5	NM	NM	4.9	—	(1.2)	0.3	2		
Westlife Development	ADD	506	460	(9)	79	1.1	156	(5)	1	6	(1,655)	125	346	NM	395	89	107.9	31.9	22.0	15.7	15.1	12.9	NM	3.9	15.7	—	0.0	0.0	1		
Hotels & Restaurants	Attractive				585	7.9					(162)	368	117	NM	148	68	64.9	36.0	24.0	16.6	15.0	12.8	NM	10.1	18.7	0.1	0.2	0.4	36		

Source: Company, Bloomberg, Kotak Institutional Equities estimates

## Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	Price (Rs)	Fair Value	Upside	Mkt cap.		O/S shares			EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT-3M
		29-Jun-21	(Rs)	(%)	(Rs bn)	(US\$ bn)	(mn)	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	(US\$ mn)		
Insurance																															
HDFC Life Insurance	ADD	687	750	9	1,388	18.7	2,011	7	8	9	5	13	14	101	90	79	—	—	—	16.4	15.1	13.9	17.6	17.5	18.5	0.3	0.3	0.3		31	
ICICI Lombard	SELL	1,581	1,150	(27)	719	9.7	490	32	35	40	23	8	15	49	45	39	—	—	—	9.7	8.4	7.2	22	21	19.6	0.5	0.4	0.5		13	
ICICI Prudential Life	BUY	615	660	7	883	11.9	1,436	7	7	9	(10)	11	15	92	83	72	—	—	—	9.7	8.9	8.1	11.5	11.2	11.7	0.3	0.0	0.0		23	
Max Financial Services	BUY	1,080	1,150	7	373	5.0	345	3	10	10	(72)	237	7	375	112	104	—	—	—	—	—	—	2.2	4.9	5.0	0.0	0.0	0.0		14	
SBI Life Insurance	BUY	999	1,360	36	1,000	13.5	1,002	15	16	18	2	12	9	69	61	56	—	—	—	9.9	8.7	7.7	15.3	15.2	14.6	0.2	0.3	0.3		37	
Insurance	Attractive				4,362	58.8					2	18	13	82	69	62				10.5	9.3	8.4	12.8	13.4	13.6	0.2	0.1	0.2		118	
Internet Software & Services																															
Info Edge	SELL	4,953	3,550	(28)	638	8.6	128.5	21	42	52	(21)	96	23	232	118	96	217.4	111.3	87.4	13.9	12.9	11.8	7.8	11.3	12.8	0.2	0.2	0.3		45	
Just Dial	SELL	976	595	(39)	61	0.8	61.9	35	31	36	(17)	(11)	17	28	32	27	29.4	25.5	22.3	4.8	4.1	3.6	16.8	14.1	14.2	—	—	—		39	
Internet Software & Services	Cautious				699	9.4					(19)	49	21	143	96	79	150.0	90.7	73.6	12.0	10.9	9.9	8.4	11.4	12.5	0.2	0.2	0.2		84	
IT Services																															
HCL Technologies	ADD	984	1,080	10	2,669	36.0	2,714	48	51	57	18	7	11	20	19	17	12.5	11.4	10.2	4.3	3.8	3.3	24	21	20	2.3	2.1	2.1		72	
Infosys	BUY	1,563	1,600	2	6,661	89.7	4,250	46	52	61	17	15	16	34	30	26	23.0	20.1	17.2	8.7	7.7	6.9	27	27	28	1.7	1.9	2.2		146	
L&T Infotech	REDUCE	4,121	3,850	(7)	720	9.7	176	110	127	149	27	15	18	37	32	28	25.1	22.9	19.6	9.9	8.2	6.8	30	28	27	0.6	0.8	0.9		18	
L&T Technology Services	ADD	2,893	2,800	(3)	304	4.1	106	63	88	106	(19)	40	21	46	33	27	28.4	21.5	18.0	8.8	7.4	6.2	21	24	25	0.6	0.8	0.9		13	
Mindtree	SELL	2,582	1,620	(37)	425	5.7	165	67	82	88	76	22	8	38	31	29	24.3	21.5	19.9	9.9	8.3	7.1	30	29	26	0.8	1.3	1.4		32	
Mphasis	REDUCE	2,086	1,650	(21)	390	5.3	187	65	77	86	2	18	13	32	27	24	20.7	17.9	15.7	6.0	5.4	4.9	19.7	21	21	3.1	1.9	2.2		16	
TCS	REDUCE	3,341	3,250	(3)	12,358	166.5	3,699	89	108	122	4	21	13	37	31	27	25.5	21.0	18.9	14.1	11.8	10.9	38	42	42	1.1	1.9	2.9		115	
Tech Mahindra	BUY	1,089	1,150	6	948	12.8	880	51	61	68	11	20	11	21	18	16	12.3	10.7	9.4	3.9	3.4	3.1	19.2	20	20	3.5	2.2	2.4		49	
Wipro	REDUCE	543	530	(2)	2,973	40.0	5,504	19	21	24	15	8	15	28	26	23	18.1	16.2	13.8	5.6	4.7	4.0	19.5	19.0	18.9	0.4	0.9	0.9		87	
IT Services	Attractive				27,449	369.7					10	15	14	32	28	24	21.1	18.2	16.1	8.3	7.3	6.4	26	26	26	1.4	1.8	2.3		548	
Media																															
PVR	BUY	1,354	1,525	13	82	1.1	61	(110)	(33)	45	(478)	70	239	NM	NM	30	(18.5)	130.1	11.0	3.0	3.2	2.9	NM	NM	10.3	(0.8)	(0.2)	0.3		22	
Sun TV Network	REDUCE	536	490	(9)	211	2.8	394	39	43	44	9	10	4	14	13	12	10.0	8.2	7.7	3.0	2.7	2.4	24	22	21	0.9	3.7	4.7		23	
Zee Entertainment Enterprises	REDUCE	216	210	(3)	208	2.8	960	12	15	18	5	29	16	18	14	12	10.5	8.5	7.3	2.1	1.9	1.7	11.6	13.9	14.9	1.2	1.9	2.1		48	
Media	Cautious				501	6.8					(24)	48	26	25	17	14	14.5	10.3	8.0	2.5	2.4	2.1	10.0	13.8	15.8	0.7	2.3	2.9		93	
Metals & Mining																															
Hindalco Industries	BUY	374	500	34	841	11.3	2,220	26	43	45	44	67	4	15	9	8	7.5	5.5	4.9	1.2	1.1	1.0	9.1	13.4	12.4	0.8	0.8	1.1		98	
Hindustan Zinc	BUY	340	370	9	1,437	19.4	4,225	19	24	24	17	25	1	18	14	14	11.0	8.4	8.2	4.4	4.4	4.4	22	31	31	6.3	6.9	7.0		14	
Jindal Steel and Power	ADD	399	520	30	407	5.5	1,020	63	74	55	3,790	18	(25)	6	5	7	4.4	3.5	4.0	1.3	1.0	0.9	20	21	13.4	—	—	—		84	
JSW Steel	REDUCE	686	640	(7)	1,658	22.3	2,417	33	59	51	227	79	(13)	21	12	13	10.8	7.2	7.9	3.5	2.8	2.4	19.1	27	19.3	1.0	1.3	1.1		158	
National Aluminium Co.	SELL	77	70	(9)	142	1.9	1,837	7	9	7	855	20	(16)	11	9	11	6.7	4.7	5.7	1.3	1.2	1.1	12.6	14.0	10.8	3.2	3.9	3.2		39	
NMDC	SELL	182	150	(17)	532	7.2	2,931	23	26	15	54	15	(40)	8	7	12	5.6	4.9	8.0	1.8	1.6	1.5	23	24	13.1	4.3	7.1	4.3		46	
SAIL	BUY	130	170	30	538	7.2	4,130	10	38	20	234	280	(47)	13	3	7	7.1	2.8	4.0	1.2	0.9	0.8	9.4	30	13.0	2.1	2.6	2.6		143	
Tata Steel	BUY	1,173	1,400	19	1,412	19.0	1,219	71	256	143	26	260	(44)	16	5	8	7.2	3.7	5.0	1.9	1.4	1.2	11.8	36	16.0	2.1	2.4	1.5		330	
Vedanta	REDUCE	267	270	1	991	13.3	3,717	33	40	36	406	21	(11)	8	7	7	4.8	3.3	3.3	1.6	1.4	1.3	21	22	17.8	3.6	6.5	6.6		59	
Metals & Mining	Attractive				7,957	107.2					159	84	(26)	13	7	10	7.2	4.6	5.3	2.0	1.6	1.5	15.2	23	15.3	2.7	3.6	3.2		971	

Source: Company, Bloomberg, Kotak Institutional Equities estimates

## Kotak Institutional Equities: Valuation summary of KIE Universe stocks

Company	Rating	Price (Rs)	Fair Value	Upside	Mkt cap.		O/S shares	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT-3mo
		29-Jun-21	(Rs)	(%)	(Rs bn)	(US\$ bn)	(mn)	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	(US\$ mn)
Oil, Gas & Consumable Fuels																													
BPCL	BUY	466	550	18	1,011	13.6	2,093	67	34	41	541	(49)	20	7	14	11	5.7	8.7	7.5	1.8	2.1	1.9	32.2	14.3	17.9	16.9	3.7	4.4	49
Coal India	REDUCE	145	155	7	891	12.0	6,163	21	17	16	(24)	(18)	(4)	7	9	9	6.9	7.3	7.2	2.4	2.6	2.8	37.0	29.3	29.9	8.7	13.8	13.8	34
HPCL	BUY	293	310	6	415	5.6	1,419	80	34	37	1,014	(58)	11	4	9	8	5.0	8.5	7.9	1.1	1.1	1.0	34.7	12.7	13.1	8.0	4.6	5.1	24
IOCL	BUY	108	125	16	1,018	13.7	9,181	26	14	16	755	(46)	17	4	8	7	4.0	5.1	4.6	0.9	0.8	0.8	23.2	11.3	12.4	11.1	6.5	7.6	32
Oil India	SELL	156	125	(20)	169	2.3	1,084	10	17	16	(51)	66	(3)	16	9	10	16.7	7.7	7.7	0.6	0.6	0.6	4.3	6.7	6.2	3.2	4.3	4.1	3
ONGC	SELL	119	110	(8)	1,502	20.2	12,580	10	21	19	(27)	117	(9)	12	6	6	5.2	3.1	3.0	0.6	0.6	0.5	5.2	10.6	9.1	3.0	6.8	6.3	45
Reliance Industries	ADD	2,087	2,200	5	13,252	178.5	6,349	72	81	102	8	12	26	29	26	20	17.1	12.4	9.7	1.8	1.8	1.6	7.5	7.1	8.3	0.3	0.4	0.4	266
Oil, Gas & Consumable Fuels	Attractive				18,258	245.9					58	(3)	13	15	16	14	9.7	8.3	7.1	1.5	1.4	1.3	9.8	9.1	9.5	2.6	2.2	2.3	453
Pharmaceuticals																													
Aurobindo Pharma	REDUCE	967	930	(4)	567	7.6	586	55	60	65	13	8	10	18	16	15	10.4	9.8	8.6	2.6	2.3	2.0	14.7	14.0	13.6	0.4	0.9	1.1	36
Biocon	SELL	408	300	(26)	489	6.6	1,202	6	8	10	1	31	26	65	49	39	29.4	21.4	17.6	5.8	5.3	4.7	8.9	10.6	12.1	-	0.7	0.9	19
Cipla	BUY	980	1,040	6	790	10.6	806	30	34	48	55	15	40	33	29	21	18.1	16.4	11.7	4.3	3.8	3.3	12.9	13.3	16.1	(0.0)	0.7	0.9	83
Divis Laboratories	REDUCE	4,356	3,750	(14)	1,156	15.6	265	75	94	108	44	26	14	58	46	40	39.7	32.7	28.4	12.4	10.6	9.0	21.3	22.9	22.4	-	(0.8)	(0.9)	39
Dr Reddy's Laboratories	SELL	5,433	4,700	(13)	904	12.2	166	156	184	251	20	18	37	35	30	22	20.2	16.7	12.6	5.3	4.6	3.9	15.2	15.6	18.0	0.5	0.6	0.6	77
Gland Pharma	REDUCE	3,398	2,550	(25)	557	7.5	163	61	78	92	23	28	18	56	43	37	40.5	32.9	27.1	9.4	7.7	6.4	16.9	17.8	17.4	—	—	—	14
Laurus Labs	REDUCE	679	390	(43)	365	4.9	536	18	21	25	284	15	17	37	32	27	24.4	20.7	17.4	14.0	9.8	7.2	37.9	30.4	26.2	(—)	—	—	31
Lupin	BUY	1,161	1,320	14	527	7.1	450	27	41	54	24	51	31	43	28	22	18.9	13.8	10.8	3.8	3.4	3.0	8.8	11.9	13.8	0.5	0.5	0.7	44
Sun Pharmaceuticals	ADD	678	740	9	1,626	21.9	2,406	25	25	30	47	3	19	27	27	22	18.2	15.8	13.4	3.5	3.2	2.8	12.8	12.4	12.6	1.0	0.7	0.9	67
Torrent Pharmaceuticals	REDUCE	2,922	2,800	(4)	494	6.7	169	74	86	103	29	16	20	39	34	28	20.8	18.4	16.1	8.5	7.3	6.2	21.4	21.3	22.0	0.7	1.0	1.2	12
Pharmaceuticals	Attractive				7,475	100.7					36	15	23	35	30	25	20.9	17.8	14.6	5.0	4.4	3.8	14.2	14.4	15.5	0.4	0.4	0.5	423
Real Estate																													
Brigade Enterprises	BUY	278	310	11	64	0.9	211	(2)	11	16	(134)	594	47	NM	26	17	22.0	8.0	7.3	2.5	2.3	2.1	NM	9.4	12.7	0.9	0.9	0.9	1
DLF	REDUCE	287	270	(6)	711	9.6	2,475	4	7	10	284	65	31	66	40	30	52.6	38.7	33.0	2.0	1.9	1.8	3.1	5.0	6.3	0.3	0.7	0.7	36
Embassy Office Parks REIT	ADD	349	360	3	331	4.5	948	7	10	12	(26)	35	20	47	35	29	21.8	17.0	14.4	1.2	1.3	1.4	2.8	3.6	4.5	5.5	6.9	8.1	4
Godrej Properties	SELL	1,406	890	(37)	391	5.3	278	(7)	13	27	(163)	286	113	NM	111	52	(118)	182.8	72.6	4.7	4.5	4.1	NM	4.1	8.3	—	—	—	14
Mindspace REIT	ADD	282	320	13	167	2.3	593	5	14	18	(39)	170	25	54	20	16	24.1	13.9	11.8	1.0	1.0	1.0	3.3	5.0	6.2	3.4	6.9	7.5	1
Oberoi Realty	ADD	611	610	(0)	222	3.0	364	20	29	39	8	40	37	30	21	16	23.9	19.3	10.7	2.4	2.1	1.9	8.2	10.6	12.9	0.3	0.3	0.3	5
Phoenix Mills	BUY	810	940	16	139	1.9	172	3	11	31	(72)	244	193	265	77	26	34.5	21.4	12.6	2.9	2.8	2.5	1.2	3.7	10.1	0.1	0.3	0.4	2
Prestige Estates Projects	ADD	291	340	17	117	1.6	401	7	14	25	(27)	105	73	42	20	12	6.8	7.3	5.5	1.7	1.5	1.4	4.7	8.0	12.1	-	0.5	0.5	3
Sobha	BUY	479	520	9	45	0.6	95	7	38	60	(78)	465	59	72	13	8	10.9	5.7	4.4	1.9	1.7	1.4	2.6	13.9	19.2	1.5	1.5	1.5	3
Sunteck Realty	BUY	307	345	13	45	0.6	140	7	18	17	4	141	(8)	41	17	18	27.2	13.5	15.2	1.4	1.3	1.2	3.5	8.1	6.9	0.3	0.3	0.3	2
Real Estate	Attractive				2,232	30.1					16	111	43	72	34	24	29.4	19.5	14.6	1.9	1.9	1.8	2.7	5.5	7.5	1.3	1.9	2.1	72
Retailing																													
Aditya Birla Fashion and Retail	BUY	214	230	8	198	2.7	938	(8)	(4)	4	(277)	47	184	NM	NM	60	35.9	28.0	12.7	7.4	8.0	7.1	NM	NM	12.6	—	—	—	7
Avenue Supermarts	SELL	3,271	1,950	(40)	2,119	28.5	648	17	22	39	(19)	32	77	193	147	83	120	95	56	17.4	15.5	13.1	9.4	11.2	17.1	—	—	—	17
Titan Company	ADD	1,732	1,625	(6)	1,537	20.7	888	11	19	27	(35)	76	43	158	90	63	89	56	42	20.5	17.7	14.8	13.7	21.2	25.6	0.2	0.3	0.5	43
Retailing	Attractive				3,854	51.9					(50)	106	93	289	140	72	95	67	42	17.3	15.5	13.1	6.0	11.1	18.1	0.1	0.1	0.2	67

Source: Company, Bloomberg, Kotak Institutional Equities estimates

## Kotak Institutional Equities: Valuation summary of KIE Universe stocks

		Price (Rs)	Fair Value	Upside	Mkt cap.		O/S shares	EPS (Rs)			EPS growth (%)			P/E (X)			EV/EBITDA (X)			P/B (X)			RoE (%)			Dividend yield (%)			ADVT-3mo
Company	Rating	29-Jun-21	(Rs)	(%)	(Rs bn)	(US\$ bn)	(mn)	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	2021	2022E	2023E	(US\$ mn)
Speciality Chemicals																													
Castrol India	BUY	144	165	15	142	1.9	989	6	8	9	(28)	39	13	24	17	15	15.5	11.4	10.1	10.1	9.5	8.9	43.0	56.8	60.4	3.8	5.2	5.9	4
Pidilite Industries	REDUCE	2,161	1,760	(19)	1,098	14.8	508	22	26	34	(3)	15	32	97	84	64	65	57	45	19.6	17.2	14.7	22.6	21.8	24.9	0.4	0.5	0.6	18
S H Kelkar and Company	BUY	171	185	8	24	0.3	141	10	10	12	107	4	18	18	17	15	11.8	10.3	8.8	2.5	2.3	2.1	15.2	14.0	14.8	1.0	1.5	1.9	2
SRF	SELL	7,082	6,000	(15)	420	5.7	59	205	240	303	49	17	26	34	30	23	20.6	17.8	14.4	6.0	5.2	4.3	20.3	19.0	20.2	0.3	0.4	0.5	20
Speciality Chemicals	Attractive				1,684	22.7					7	20	25	55	46	36	34.6	29.1	23.6	11.4	9.9	8.5	20.7	21.7	23.2	0.7	0.9	1.0	44
Telecommunication Services																													
Bharti Airtel	BUY	525	700	33	2,883	38.8	5,492	(5)	11	22	NM	NM	NM	NM	48	23	8.8	7.3	5.7	4.9	4.8	4.3	NM	10.1	19.6	-	1.1	1.1	76
Indus Towers	ADD	242	250	3	651	8.8	2,695	20	19	19	10	(8)	2	12	13	13	5.3	5.0	4.8	4.1	3.9	3.7	32.8	31.3	30.3	8.3	6.6	6.6	10
Vodafone Idea	RS	10	—	—	290	3.9	28,735	(8)	(6)	(4)	NM	NM	NM	NM	NM	NM	10.6	8.1	6.7	(0.9)	(0.7)	(0.5)	176.3	47.4	25.7	—	—	—	29
Tata Communications	BUY	1,288	1,375	7	367	4.9	285	47	52	62	28	11	19	28	25	21	10.9	9.8	8.5	317.9	31.0	14.8	NM	226	95.6	1.1	1.2	1.4	9
Telecommunication Services	Attractive				4,191	56.5					40	72	213	NM	NM	65	8.8	7.3	6.0	10.1	12.4	14.0	NM	NM	21.4	1.3	1.9	1.9	124
Transportation																													
Adani Ports and SEZ	ADD	711	825	16	1,452	19.6	2,112	21	30	37	(18)	44	21	34	23	19	21.9	15.5	11.9	4.9	3.6	3.1	15.9	17.8	17.2	0.7	0.5	0.5	266
Container Corp.	SELL	694	540	(22)	423	5.7	609	10	14	18	(41)	39	31	69	50	38	38.6	30.5	18.8	4.1	3.8	3.6	6.0	8.0	9.8	0.7	-	0.5	32
Gateway Distriparks	BUY	287	215	(25)	36	0.5	125	8	9	12	79	20	28	38	32	25	13.1	12.4	10.5	2.4	2.3	2.2	6.8	7.5	9.1	1.7	1.0	1.0	2
GMR Infrastructure	BUY	31	33	6	185	2.5	6,036	(3)	(3)	(2)	(10)	5	35	NM	NM	NM	37.3	21.8	16.3	(10.8)	(5.7)	(5.5)	94.6	75.3	39.7	—	—	—	11
Gujarat Pipavav Port	BUY	115	119	3	56	0.7	483	5	6	7	(25)	38	17	25	19	16	11.4	9.7	8.3	2.7	2.8	2.8	10.6	14.9	17.6	3.9	5.3	6.2	3
InterGlobe Aviation	BUY	1,729	2,200	27	666	9.0	383	(152)	(96)	125	(2,249)	37	231	NM	NM	14	NM	18.9	3.9	933.4	(18.5)	3.9	NM	208.1	NM	—	—	—	19
Mahindra Logistics	REDUCE	558	490	(12)	40	0.5	71	5	13	18	(43)	161	36	110	42	31	28.5	18.8	14.5	7.0	6.2	5.4	6.5	15.6	18.6	—	—	—	1
Transportation	Attractive				2,857	38.5					(149)	195	468	NM	126	22	29.1	17.8	9.8	6.6	5.7	4.6	NM	4.5	20.7	0.6	0.4	0.5	334
KIE universe					171,846	2,314					37.5	36.2	15.8	31.0	22.8	19.7	14.9	11.8	10.5	3.4	3.1	2.8	10.9	13.4	14.1	1.3	1.4	1.6	

Notes:

(a) We have used adjusted book values for banking companies.

(b) 2021 means calendar year 2020, similarly for 2022 and 2023 for these particular companies.

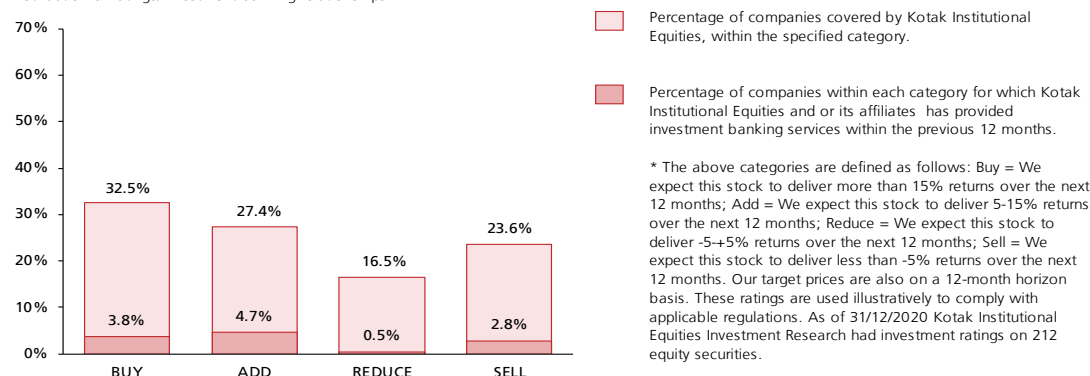
(c) Exchange rate (Rs/US\$)= 74.24

Source: Company, Bloomberg, Kotak Institutional Equities estimates



### Kotak Institutional Equities Research coverage universe

Distribution of ratings/investment banking relationships



Source: Kotak Institutional Equities

As of March 31, 2021

## Ratings and other definitions/identifiers

### Definitions of ratings

**BUY.** We expect this stock to deliver more than 15% returns over the next 12 months.

**ADD.** We expect this stock to deliver 5-15% returns over the next 12 months.

**REDUCE.** We expect this stock to deliver -5 to +5% returns over the next 12 months.

**SELL.** We expect this stock to deliver <-5% returns over the next 12 months.

Our Fair Value estimates are also on a 12-month horizon basis.

Our Ratings System does not take into account short-term volatility in stock prices related to movements in the market. Hence, a particular Rating may not strictly be in accordance with the Rating System at all times.

### Other definitions

**Coverage view.** The coverage view represents each analyst's overall fundamental outlook on the Sector. The coverage view will consist of one of the following designations: Attractive, Neutral, Cautious.

### Other ratings/identifiers

**NR = Not Rated.** The investment rating and fair value, if any, have been suspended temporarily. Such suspension is in compliance with applicable regulation(s) and/or Kotak Securities policies in circumstances when Kotak Securities or its affiliates is acting in an advisory capacity in a merger or strategic transaction involving this company and in certain other circumstances.

**CS = Coverage Suspended.** Kotak Securities has suspended coverage of this company.

**NC = Not Covered.** Kotak Securities does not cover this company.

**RS = Rating Suspended.** Kotak Securities Research has suspended the investment rating and fair value, if any, for this stock, because there is not a sufficient fundamental basis for determining an investment rating or fair value. The previous investment rating and fair value, if any, are no longer in effect for this stock and should not be relied upon.

**NA = Not Available or Not Applicable.** The information is not available for display or is not applicable.

**NM = Not Meaningful.** The information is not meaningful and is therefore excluded.

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